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From: [REDACTED]  
Sent: 12/7/2015 2:18:23 PM  
To: [REDACTED]  
Subject: Re: Risk factor comments

Hi [REDACTED]

Regarding a. I think this risk factor is related to why Ripple is likely to be viewed as more control over XRP as other Bitcoin holders due to the fact that Ripple creates XRP and holds most of this. Just want to know how cryptographic lockup will play a role in this risk factor

[REDACTED]

[REDACTED]

[REDACTED]

On Mon, Dec 7, 2015 at 1:58 PM [REDACTED] wrote:

----- Forwarded message -----

From: [REDACTED]  
Date: Mon, Dec 7, 2015 at 12:20 PM  
Subject: Re: Risk factor comments  
To: [REDACTED]

- [REDACTED]
- a. We have not finalized the scope of this yet, but will confirm as soon as it's finalized.
- b. OTC/offline transactions would not technically be recorded, but there are a number of 'private exchanges' (non-RCL exchanges) [REDACTED] has a non-RCL XRP exchange, and there is a more comprehensive list here: <http://coinmarketcap.com/currencies/ripple/#markets>
- c. 1. It is fair to say that the currency exchange will settle atomically as long as the validators are operating and secure. For absolute security on currency exchange, gateways should make sure that all IOU's they issue are fully funded (something any legitimate gateway will seek to do).  
2. Beyond funded IOU's/offers, the gateway and wallet risk are likely a more pertinent focus.

Does that help?

[REDACTED]

On Mon, Dec 7, 2015 at 10:29 AM, [REDACTED] > wrote:

H [REDACTED]

I am updating the risk factors with our counsel. Three quick questions

- a. Please could you elaborate on cryptographic lockup. Noted that you would like to add this to below

*The Ripple ecosystem's reliance on the efforts of Ripple Labs—the single largest holder of XRP[VC1] —to promote and expand the ecosystem, creates greater risk that XRP might be deemed a security as compared to other virtual currencies and Ripple Labs might be deemed to be operating as an unregistered securities exchange, broker, or dealer under federal and State securities laws*

- b. You mentioned that there is also some volume that is transacted over-the-counter/private exchanges. Please could you give us names of some private/OTC exchange?

c. 1. Is it fair to say that for the virtual currency exchange regardless of Ripple protocol or other OTC/private exchanges, as long as the nodes in the network can be validated and secure, the currency exchange is secure? Basically no risk regarding virtual currency exchange itself? 2. So rather than discussing exchange risks, we should discuss more about gateway risk (new operation and targets for cybercrime, hackers and malware) and wallet risk (being attack)?

Many thanks

Regards,  
[REDACTED]